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FUND COMMITTEE

Draft Report of the Fund Committee

Rapporteur: Mr. Carlos Gamba (Colombia)

C. Programme and programme support costs

1. In his introduction of the Executive Director's performance report on the programme and programme support costs budget for the biennium 1990-1991, the Assistant Executive Director pointed out that the Executive Director was seeking no more than the appropriation already approved for the current biennium, but he was seeking the Council's approval of the reapportionment of this sum as indicated in tables 5, 6 and 7 of the report. He informed the Committee that substantial savings had been achieved as a result of the decline in the exchange value of the Kenya shilling against the dollar, as well as from a staff vacancy rate that was higher than had been anticipated, even though this sum would be offset by inflation to some extent.

2. The Executive Director was proposing that the balance of these savings would be utilized to finance additional office accommodation by way of a loan to the regular budget of the United Nations of $2.5m in 1991 and $3.5m in 1992. This loan, together with the interest accrued, would be repaid by the United Nations by remission in rent during 1992, 1993 and probably 1994. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had, in principle, accepted a proposal of the Secretary-General to construct additional office accommodation at Gigiri, but had stated that it wished to consider the matter further once firm bids for the project had been obtained. The Executive Director was now seeking the approval of the Governing Council for this arrangement, subject to the final approval of ACABQ.

3. One representative, noting the comments of ACABQ, requested clarification of the increase in travel and consultancy costs in 1990-1991. In reply, the Assistant Executive Director explained that these costs had risen significantly in 1990 and would increase further in 1991. He attributed this increase to inflation, as well as to the need for greater staff travel to such meetings as those held by UNCED and the Environmental Law and Institutions Unit. Additionally, he explained that because UNEP Had not been able to recruit new staff against existing vacancies a greater use of consultants had been necessary. In effect, some of the savings resulting from vacant posts were being spent on consultants.

4. Several representatives expressed concern about the high vacancy rate and asked for a detailed explanation from the Assistant Executive Director.

Another representative asked for a complete list of vacant posts, including information on why and how long they had remained vacant, as well as what measures had been taken to solve the problem. Still another observed that the vacancy rate had increased from 10 per cent to 24 per cent despite the availability of candidates and asked why these posts had not been filled. He also remarked that given the high vacancy rate, it was contradictory to ask for more space in the proposed new accommodation. He questioned, too, why the Governing Council was being asked to approve posts that could not be filled until additional resources became available.

5. One representative remarked that the increasing number of meetings held in Nairobi called for full-time interpreters. He suggested that instead of engaging interpreters from Europe as needed, it might be more economical to recruit such staff for Nairobi on a permanent basis, at least in respect of English, French and Spanish.

6. In reply, the Assistant Executive Director stated that interpretation services financed through Fund activities had cost the Environment Fund approximately $950,000 in 1990. To have permanent interpretation facilities in three languages as was being proposed, UNEP would require 12 full-time interpreters which would cost an estimated $903,000. He added that the current tendency among United Nations bodies was increasingly to engage free-lance interpreters as needed.

In this connection, one representative observed that as the costs of hiring interpreters on a long-term basis were almost the same as engaging free-lancers, UNEP should opt for the former, the more so as the number of meetings in Nairobi had increased in 1991 and would probably continue to rise.

7. Another representative requested the budgetary implications of hosting informal meetings of the ministers of the environment. The Assistant Executive Director replied that in 1990, UNEP had spent $9,134 and $16,861 in 1991, resulting in a total of $25,995.

8. Responding to personnel questions in general, the Assistant Executive Director stated that there were three criteria for filling posts: the availability of qualified candidates; the need for maintaining balance between staff from developed and developing countries; and broad-based geographical distribution. As to the increased need for office accommodation, he pointed out that whereas UNEP had employed 198 professional staff members in 1988, this number had increased to 235 by 1990. Moreover, additional staff members were currently being recruited.

9. One representative asked if the post of Secretary-General for the CITES Secretariat had now been filled. The Assistant Executive Director replied that the new appointee would soon take up his duties.

10. Several representatives sought clarification as to the high turnover of UNEP staff. One asked if this was unique to UNEP or if the problem was shared by other United Nations bodies; he also asked if any surveys on this subject

had been carried out. The Assistant Executive Director replied that no such survey had been undertaken by UNEP. However, he stated that there were problems in retaining professional staff in Nairobi, most of which were personal.

11. One representative asked if the 52 staff recruited during 1990 included those recruited for a period of less than one year and therefore did not have to be approved by the Appointment and Promotions Board. The Assistant Executive Director confirmed that these staff included those recruited on short-term basis, as well as Junior Professional Officers.

12. Another representative asked what would happen to programme and programme support costs for 1992-1993 if contributions fell short of UNEP projections. In reply, the Assistant Executive Director stated that the programme and programme support costs budget for 1992-1993 was based essentially on the staffing level of 1990-1991; the immediate request concerned only the four additional professional posts and four additional general service posts for the Clearing-house, posts which had not been approved by Governments when the Council had established the Unit in 1982, except for one P-4.

13. Introducing his budget proposals for 1992-1993, the Assistant Executive Director explained that his original proposals had been revised to include supplementary staffing proposals, but suggested that the Committee concentrate initially on the original proposal contained in document UNEP/GC.16/22 and consider the supplementary proposals afterwards.

14. The Assistant Executive Director also pointed out that although environment had been designated a priority subject for the United Nations, the regular budget allocation to UNEP was only some 0.6 per cent of that budget. This covered the cost of only 13.5 per cent of all UNEP professional posts. Since the Programme Planning and Budgeting Board of the United Nations had recommended to the ACABQ an increase of no more than two posts for UNEP from the regular budget, the Executive Director was seeking, as a supplementary proposal, the approval of the Governing Council for an additional 23 professional and 32 local posts, for which $2.4m would be required. The Assistant Executive Director stated that these supplementary posts would be filled only when funds became available to carry out not only the basic programme of $150m but also the activities of the proposed additional programme of $30 million.

15. One representative questioned the wisdom of asking for additional posts when the vacancy rate was as high as 24 per cent, adding that as there had been vacancies since 1985, the Council should wait for all the current vacancies to be filled. Consequently, the question of additional posts should be decided upon by the Council at its next regular session.

16. One representative queried the request for additional funding for the Executive Direction and Management budget line in 1992-1993. The Assistant Executive Director provided the breakdown of that line in regular budget terms, as well as that of programme and programme support costs.

17. Another representative sought clarification as to the financial implications to the programme and programme support costs budget of making the Industry and Environment Office, GRID, and the Environmental Law and Institutions Unit programme activity centres. The Assistant Executive

Director replied that because the programme activity centres were funded as projects, there would be no financial increase whatever to the programme and programme support costs budget and, indeed, the proposals under discussion included the deletion of two professional posts and two local-level posts under the Office of the Environment Programme if the Council approved the establishment of the Environmental Law and Institutions Unit as a programme activity centre.

D. Organizational and personnel issues

18. In discussing other organizational and personnel matters, the Committee focused on two main issues: the deployment of Junior Professional Officers and the situation at the end of 1992 when many of UNEP's senior management staff would be retiring.

19. A number of representatives pointed out that in maintaining the balance between staff from developing and developed countries, posts financed by Governments or language posts should not be taken into account. One held that the principle of equitable geographical distribution should apply only to posts financed by the regular budget.

20. On the question of the retirement of a number of UNEP senior management officers during the next 18 months, many representatives expressed concern that this would create a vacuum and jeopardize UNEP's ability to implement the programme after UNCED.

21. In reply, the Assistant Executive Director assured the Committee that UNEP management was considering this problem very seriously and that specific steps were being taken to prepare in advance for these retirements. For example, there would be some staff reorganization after this Governing Council session and some of the retirees would be asked to stay on to the extent allowed by the United Nations rules so as to help train their successors. Other potential vacancies would be advertised in advance of the dates of the expected retirements.

22. Many representatives commended the scheme of employing Junior Professional Officers because it exposed young men and women from various Governments to the United Nations system. The Assistant Executive Director explained the "conditionality" attached to the new policy of equating one Junior Professional Officer from a developing country with two from a developed country. Further, he explained that the scheme as it had operated in the past had distorted the staffing structure of UNEP. He also informed the Committee that an instruction had just been received from the Office of Human Resources Management at United Nations Headquarters stipulating that only UNDP and UNICEF could accept Junior Professional Officers. If UNEP were to continue using the Junior Professional Officers scheme, Governments would have to authorize the Executive Director to do so through a Governing Council decision.

23. While supporting the proposal that developed countries should finance Junior Professional Officers from the developing countries, a few representatives expressed displeasure at the way in which they had been informed of this suggestion. The Assistant Executive Director agreed that the matter might have been better handled.

24. Another representative asked what would happen if his Government financed 10 Junior Professional Officers from developing countries to the United Nations and none was posted to UNEP. Another representative requested the legislative authority given to the Executive Director for the new policy on financing Junior Professional Officers.

25. The Assistant Executive Director first replied that he had not been able to find the legislative authority that required the Executive Director to maintain a broad balance in UNEP professional staff, but that he understood that this policy had been stated by the Executive Director at one of the early Governing Council sessions. Subsequently, he referred the Committee to a report of the Executive Director issued at the eighth session of the Council and to decision 8/18 in which the Council had taken note of that report. On the issue of Junior Professional Officers, he agreed with a comment of one representative that UNEP had experienced difficulty in identifying suitable candidates from developing countries who might be financed by developed countries. However, measures being considered to rectify the situation included advertising Junior Professional Officers vacancies in developing countries and requesting nominations from the Governments of developing countries.

E. Financial report and audited accounts for the biennium 1988-1989

26. The Assistant Executive Director introduced the audited accounts of the Fund for the biennium 1988-1989, including the report of the Board of Auditors, which had been submitted to the General Assembly at its forty-fifth session and on which ACABQ had not made any specific observations. He added that the External Auditors had also examined the 1990 accounts of UNEP, but that as their report had not yet been received, it would have to be submitted to the Governing Council at its seventeenth session. However, UNEP's management had been assured that no serious issues had arisen from this audit.

F. Additional sources of funding and management of trust funds

27. The Assistant Executive Director introduced the subject of additional sources of funding, drawing particular attention to the proliferation of trust funds, which now stood at 42. He pointed out that the Committee of the Permanent Representatives in its draft decision had requested the Executive Director to examine the possibility of reducing the number of such funds through amalgamation and to report thereon to the Governing Council at its seventeenth session. He noted that the amalgamation of personnel trust funds would result in their being audited as a single global trust fund; this might not satisfy the financial requirements of individual donors. The Committee of the Permanent Representatives had also invited Governments to increase their financial support to specific activities, provided that these increases did not detract from increased contributions to the Environment Fund.

28. One representative requested an update on the contributions to the Technical Co-operation Trust Fund to Develop and Co-ordinate the Implementation of the Plan for the Survey, Assessment and Dealing with the Consequences of Environmental Damage caused by Conflict between Iraq and Kuwait. This information was furnished by the secretariat.

29. One representative requested clarification of the difference between the Technical Co-operation Trust Fund for UNEP's Implementation of the Activities Funded by the Global Environment Facility and the Trust Fund for the Interim Multilateral Fund under the Montreal Protocol on Substances that Deplete the Ozone Layer. This clarification was provided by the Assistant Executive Director.

30. One representative voiced the concern that the establishment of trust funds for specific UNEP activities might lead to a distortion of the priorities established by the Governing Council through its apportionment of funds within the appropriation for Fund programme activities.

31. Many representatives expressed support for paragraph 13 of the proposed draft decision on trust funds, which requested the Executive Director to examine the possibility of amalgamating a number of the funds. Several representatives supported paragraph 11 of this draft decision on trust funds, by which Governments were invited to increase their financial support to specific activities within the programme without detracting from increased contributions to the Environment Fund. One representative announced his Government's intention to establish and support the United Nations Centre for Technology Transfer. He went on to reaffirm his Government's support to the Technical Co-operation Trust Fund to Develop and Co-ordinate the Implementation of the Plan for the Survey, Assessment and Dealing with the Consequences of Environmental Damage Caused by Conflict between Iraq and Kuwait and announced his Government's contribution of $1.1 million to this trust fund, appealing to other Governments to contribute as well.

32. One representative requested information on the administrative costs involved in managing these trust funds. Another representative requested information on which trust funds were in deficit. The Assistant Executive Director replied that although it was difficult to establish precise costs, UNEP charged a programme support cost of 13 per cent on all trust funds, with the exception of those trust funds devoted solely to personnel on which the charge was 12 per cent, in accordance with the Financial Rules and Regulations of the United Nations. He added that the income in the special account for programme support costs amply covered UNEP's costs of managing the trust funds. He explained further that the Financial Rules and Regulations of the United Nations did not permit deficits to occur in the trust funds.